

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>VILLAGE OF CARSONVILLE</b>	County <b>SANILAC</b>
Audit Date <b>2/29/04</b>	Opinion Date <b>7/2/04</b>	Date Accountant Report Submitted to State: <b>8/31/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		✓	
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>STEWART, BEAUVAIS &amp; WHIPPLE PC</b>			
Street Address <b>1979 HOLLAND AVENUE</b>		City <b>PORT HURON</b>	State <b>MI</b>
		ZIP <b>48060</b>	
Accountant Signature <i>Stewart, Beauvais &amp; Whipple</i>			Date <b>8-31-04</b>

**VILLAGE OF CARSONVILLE**

**Sanilac County, Michigan**

**ANNUAL FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED  
FEBRUARY 28, 2004**

Stewart,  
Beauvais  
& Whipple P.C.

---

CERTIFIED PUBLIC ACCOUNTANTS



**VILLAGE OF CARSONVILLE**  
**Sanilac County, Michigan**

**TABLE OF CONTENTS**  
**FEBRUARY 29, 2004**

	<u>Page Number</u>	
	<u>Financial Statements</u>	<u>Supplementary Financial Information</u>
Independent Auditor’s Report		1
<b>General Purpose Financial Statements:</b>		
Combined Balance Sheet		
All Fund Types and Account Groups	2	
Combined Statement of Revenues, Expenditures and Changes in Fund Balances -		
All Governmental Fund Types	6	
Combined Statement of Revenues, Expenditures and Changes in Fund Balances -		
Budget and Actual		
All Governmental Fund Types	7	
Combined Statement of Revenues, Expenses and Changes in Retained Earnings -		
Proprietary Fund Types	9	
Combined Statement of Cash Flows -		
Proprietary Fund Types	10	
Notes to Combined Financial Statements	12	
<b>Supplementary Financial Information:</b>		
Independent Auditor’s Report on Additional Information		22
<b>Combining and Individual Fund Financial Statements and Schedules:</b>		
<b>General Fund -</b>		
Balance Sheet		23
Statement of Revenues, Expenditures and Changes in Fund Balance -		
Budget and Actual		24
<b>Special Revenue Funds -</b>		
Combining Balance Sheet		25
Combining Statement of Revenues, Expenditures and Changes in Fund Balances		27

	Page Number
	Financial Statements
	Supplementary Financial Information
<b>Major Street Fund -</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	29
<b>Local Street Fund -</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	30
<b>Municipal Street Fund -</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	31
<b>Fire Capital Fund -</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	32
<b>DPW Capital Fund -</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	33
<b>Police Capital Fund -</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	34
<b>Municipal Services Building Fund -</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance	35
<b>Debt Service Fund -</b>	
<b>Equipment Note Fund -</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance	36

	Page Number
	Financial Statements
	Supplementary Financial Information
<b>Enterprise Funds -</b>	
Combining Balance Sheet	37
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	39
Combining Statement of Cash Flows	40
<b>Water Fund -</b>	
Statement of Revenues, Expenses and Changes in Retained Earnings	42
Statement of Cash Flows	43
<b>Refuse Fund -</b>	
Statement of Revenues, Expenses and Changes in Retained Earnings	44
Statement of Cash Flows	44
<b>Sewage Collection System Fund -</b>	
Statement of Revenues, Expenses and Changes in Retained Earnings	45
Statement of Cash Flows	46
<b>Agency Fund -</b>	
<b>Tax Receiving Fund -</b>	
Statement of Changes in Assets and Liabilities	47
<b>General Fixed Assets Account Group -</b>	
Schedule of Changes in General Fixed Assets	48
<b>General Long-Term Debt Account Group -</b>	
Statement of General Long-Term Debt	49



## INDEPENDENT AUDITOR'S REPORT

To the President and  
Members of the Village Council  
Village of Carsonville, Michigan

We have audited the general purpose financial statements of the Village of Carsonville, Michigan, as of and for the fiscal year ended February 29, 2004, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Village of Carsonville's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Carsonville, Michigan, as of February 29, 2004, and the results of its operations and the cash flows of its proprietary fund type for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report, dated July 2, 2004, on our consideration of Village of Carsonville, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

*Stewart, Beauvais & Whipple*

Certified Public Accountants

July 2, 2004

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**FEBRUARY 29, 2004**

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Enterprise</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 49,316	\$ 149,846	\$ -	\$ 44,943
Receivables -				
Accounts	859	-	-	54,100
Tap-in fees	-	-	-	41,297
Due from other funds	1,593	10,771	-	-
Due from other governmental units	11,364	8,349	-	-
Restricted assets -				
Cash	-	-	-	270,150
Special assessments	-	-	-	1,206,303
Due from other funds	-	-	-	440
Fixed assets (net of accumulated depreciation)	-	-	-	2,957,743
Amounts to be provided for retirement of general long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 63,132</u></u>	<u><u>\$ 168,966</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,574,976</u></u>

See Notes to  
Financial Statements

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	February 29, 2004	February 28, 2003
Agency				
\$ 1,593	\$ -	\$ -	\$ 245,698	\$ 282,003
-	-	-	54,959	53,768
-	-	-	41,297	35,545
-	-	-	12,364	5,576
-	-	-	19,713	37,391
-	-	-	270,150	290,661
-	-	-	1,206,303	1,248,218
-	-	-	440	440
-	1,005,907	-	3,963,650	3,861,686
-	-	47,283	47,283	13,113
<u>\$ 1,593</u>	<u>\$ 1,005,907</u>	<u>\$ 47,283</u>	<u>\$ 5,861,857</u>	<u>\$ 5,828,401</u>



**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**FEBRUARY 29, 2004**

	Governmental Fund Types			Proprietary Fund Type
	General	Special Revenue	Debt Service	Enterprise
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,743	\$ 7,736	\$ -	\$ 30,590
Accrued payroll and related liabilities	2,631	1,616	-	-
Deferred revenue	-	-	-	-
Due to other funds	1,556	9,655	-	-
Current liabilities (payable from restricted assets) -				
Accounts payable	-	-	-	258
Due to other governmental units	-	-	-	1,037
Current portion of long-term liabilities	-	-	-	17,000
Bonds payable	-	-	-	1,372,011
Notes payable	-	-	-	-
	<u>7,930</u>	<u>19,007</u>	<u>-</u>	<u>1,420,896</u>
<b>Fund Equity:</b>				
Investment in general fixed assets	-	-	-	-
Contributed capital (net of amortization)	-	-	-	2,909,000
Retained Earnings -				
Reserved for improvements	-	-	-	8,533
Reserved for capital replacement	-	-	-	35,000
Reserved for debt retirement	-	-	-	-
Unreserved	-	-	-	201,547
Fund Balance -				
Unreserved -				
Undesignated	<u>55,202</u>	<u>149,959</u>	<u>-</u>	<u>-</u>
	<u>55,202</u>	<u>149,959</u>	<u>-</u>	<u>3,154,080</u>
	<u>\$ 63,132</u>	<u>\$ 168,966</u>	<u>\$ -</u>	<u>\$ 4,574,976</u>

See Notes to  
Financial Statements

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	February 29, 2004	February 28, 2003
Agency				
\$ -	\$ -	\$ -	\$ 42,069	\$ 20,818
-	-	-	4,247	2,373
-	-	-	-	13,383
1,593	-	-	12,804	6,016
-	-	-	258	-
-	-	-	1,037	1,037
-	-	-	17,000	16,000
-	-	-	1,372,011	1,398,011
-	-	47,283	47,283	13,113
1,593	-	47,283	1,496,709	1,470,751
-	1,005,907	-	1,005,907	949,386
-	-	-	2,909,000	2,909,000
-	-	-	8,533	68,185
-	-	-	35,000	28,000
-	-	-	-	56,086
-	-	-	201,547	109,402
-	-	-	205,161	237,591
-	1,005,907	-	4,365,148	4,357,650
\$ 1,593	\$ 1,005,907	\$ 47,283	\$ 5,861,857	\$ 5,828,401

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**

	General	Special Revenue	Debt Service	Total (Memorandum Only)	
				2004	2003
<b>Revenues:</b>					
Taxes	\$ 74,231	\$ 28,456	\$ -	\$ 102,687	\$ 96,148
Intergovernmental -					
Federal and State	71,754	46,031	-	117,785	123,540
Local	-	29,046	-	29,046	28,730
Charges for services	25,206	-	-	25,206	32,400
Fines and forfeits	1,598	-	-	1,598	937
Interest and rent	20,080	6,231	-	26,311	33,792
Other revenue	2,876	5	-	2,881	7,037
	<u>195,745</u>	<u>109,769</u>	<u>-</u>	<u>305,514</u>	<u>322,584</u>
<b>Expenditures:</b>					
Legislative	7,656	-	-	7,656	8,445
General Government	98,461	14,001	-	112,462	64,445
Public Safety	104,964	9,223	-	114,187	91,584
Public Works	30,702	106,212	-	136,914	118,740
Debt Service	-	-	6,225	6,225	4,150
	<u>241,783</u>	<u>129,436</u>	<u>6,225</u>	<u>377,444</u>	<u>287,364</u>
Excess of revenues over (under) expenditures	<u>( 46,038)</u>	<u>( 19,667)</u>	<u>( 6,225)</u>	<u>( 71,930)</u>	<u>35,220</u>
<b>Other Financing Sources (Uses):</b>					
Loan Proceeds	39,500	-	-	39,500	-
Operating transfers in	-	6,500	6,225	12,725	14,950
Operating transfers out	<u>( 2,000)</u>	<u>( 10,725)</u>	<u>-</u>	<u>( 12,725)</u>	<u>( 14,950)</u>
	<u>37,500</u>	<u>( 4,225)</u>	<u>6,225</u>	<u>39,500</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>( 8,538)</u>	<u>( 23,892)</u>	<u>-</u>	<u>( 32,430)</u>	<u>35,220</u>
Fund Balances at beginning of year	<u>63,740</u>	<u>173,851</u>	<u>-</u>	<u>237,591</u>	<u>202,371</u>
Fund Balances at end of year	<u>\$ 55,202</u>	<u>\$ 149,959</u>	<u>\$ -</u>	<u>\$ 205,161</u>	<u>\$ 237,591</u>

See Notes to  
Financial Statements

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**

	General Fund		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 66,398	\$ 74,231	\$ 7,833
Intergovernmental -			
Federal and State	70,803	71,754	951
Local	-	-	-
Charges for services	22,249	25,206	2,957
Fines and forfeits	1,000	1,598	598
Interest and rent	26,166	20,080	( 6,086)
Other revenue	6,600	2,876	( 3,724)
	<u>193,216</u>	<u>195,745</u>	<u>2,529</u>
<b>Expenditures:</b>			
Legislative	8,660	7,656	1,004
General Government	66,722	98,461	( 31,739)
Public Safety	107,610	104,964	2,646
Public Works	33,085	30,702	2,383
Capital outlay	-	-	-
	<u>216,077</u>	<u>241,783</u>	<u>( 25,706)</u>
Excess of revenues over (under) expenditures	<u>( 22,861)</u>	<u>( 46,038)</u>	<u>( 23,177)</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	-	39,500	39,500
Operating transfers out	( 4,500)	( 2,000)	2,500
	<u>( 4,500)</u>	<u>37,500</u>	<u>42,000</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>( 27,361)</u>	<u>( 8,538)</u>	<u>18,823</u>
Fund Balances at beginning of year	<u>63,740</u>	<u>63,740</u>	<u>-</u>
Fund Balances at end of year	<u>\$ 36,379</u>	<u>\$ 55,202</u>	<u>\$ 18,823</u>

See Notes to  
Financial Statements

Special Revenue Funds		
Amended Budget	Actual	Variance Favorable (Unfavorable)
\$ 27,190	\$ 28,456	\$ 1,266
43,977	46,031	2,054
28,730	29,046	316
-	-	-
-	-	-
8,355	6,231	( 2,124)
-	5	5
<u>108,252</u>	<u>109,769</u>	<u>1,517</u>
-	-	-
11,406	14,001	( 2,595)
200	9,223	( 9,023)
101,213	106,212	( 4,999)
-	-	-
<u>112,819</u>	<u>129,436</u>	<u>( 16,617)</u>
<u>( 4,567)</u>	<u>( 19,667)</u>	<u>( 15,100)</u>
13,651	6,500	( 7,151)
<u>( 8,651)</u>	<u>( 10,725)</u>	<u>( 2,074)</u>
<u>5,000</u>	<u>( 4,225)</u>	<u>( 9,225)</u>
433	( 23,892)	( 24,325)
<u>173,851</u>	<u>173,851</u>	<u>-</u>
<u>\$ 174,284</u>	<u>\$ 149,959</u>	<u>\$ ( 24,325)</u>

**VILLAGE OF CARSONVILLE, MICHIGAN**  
**SANILAC COUNTY, MICHIGAN**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPES  
FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003**

	<u>2004</u>	<u>2003</u>
<b>Operating Revenues:</b>		
Charges for services	\$ 112,164	\$ 93,222
Other revenue	<u>4,192</u>	<u>1,753</u>
	<u>116,356</u>	<u>94,975</u>
<b>Operating Expenses:</b>		
Salaries and wages	24,042	20,627
Service fees	18,318	20,231
Administrative charges	7,000	7,400
Supplies	2,872	3,839
Utilities	10,342	9,584
Repairs and maintenance	1,427	4,914
Equipment rent	5,459	5,500
Professional services	8,775	8,605
Insurance	3,645	3,098
Depreciation	67,771	67,770
Contract services	3,598	2,974
Miscellaneous	<u>10,149</u>	<u>8,847</u>
	<u>163,398</u>	<u>163,389</u>
Operating Loss	<u>( 47,042)</u>	<u>( 68,414)</u>
<b>Non-Operating Revenues (Expenses):</b>		
Tax collections	16,519	15,562
Enterprise improvements	9,367	8,095
Interest on investments	5,602	6,066
Interest and paying agent fees on bonds	( 55,608)	( 64,569)
Tap-in fees	302	5,125
Special assessments	11,977	-
Special assessments - interest	41,259	70,805
Miscellaneous	<u>1,031</u>	<u>3,930</u>
	<u>30,449</u>	<u>45,014</u>
Net Loss	( 16,593)	( 23,400)
Retained Earnings at beginning of year	<u>261,673</u>	<u>285,073</u>
Retained Earnings at end of year	<u><u>\$ 245,080</u></u>	<u><u>\$ 261,673</u></u>
See Notes to Financial Statements		

**VILLAGE OF CARSONVILLE, MICHIGAN**  
**SANILAC COUNTY, MICHIGAN**

**COMBINED STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPES**  
**FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003**

	<u>2004</u>	<u>2003</u>
<b>Cash Flow From Operating Activities:</b>		
Receipts from customers	\$ 111,971	\$ 85,986
Payments to suppliers	( 56,443)	( 57,053)
Payments to employees	( 24,042)	( 23,642)
Net Cash Provided by Operating Activities	<u>31,486</u>	<u>5,291</u>
<b>Cash Flow From Non-Capital Financing Activities:</b>		
Change in due to other funds	333	-
Change in due from other funds	( 333)	-
Miscellaneous	1,031	3,930
Net Cash Provided by Non-Capital Financing Activities	<u>1,031</u>	<u>3,930</u>
<b>Cash Flow From Capital and Related Financing Activities:</b>		
Principal payments on note	( 25,000)	( 32,768)
Interest payments on note	( 55,608)	( 64,569)
Tax proceeds	16,519	15,562
Enterprise improvements	9,367	8,095
Tap-in fees	( 5,450)	506
Special assessment receivable	53,892	35,218
Special assessment interest	41,259	70,805
Acquisition of capital assets	( 113,214)	( 23,504)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>( 78,235)</u>	<u>9,345</u>
<b>Cash Flow From Investing Activities:</b>		
Redemption of investments	-	158,000
Interest on investments	5,602	11,756
Net Cash Provided by Investing Activities	<u>5,602</u>	<u>169,756</u>
Net Increase in Cash and Cash Equivalents for the year	( 40,116)	188,322
Cash and Cash Equivalents at beginning of year	<u>355,209</u>	<u>166,887</u>
Cash and Cash Equivalents at end of year	<u><u>\$ 315,093</u></u>	<u><u>\$ 355,209</u></u>

	<u>2004</u>	<u>2003</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss for the year	\$( 47,042)	\$( 68,414)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	67,771	67,770
Changes in assets and liabilities -		
Accounts receivable	( 2,778)	( 4,747)
Utility billings receivable	( 1,607)	( 4,242)
Accounts payable	15,142	15,239
Accrued liabilities	-	( 315)
Net Cash Provided by Operating Activities	<u>\$ 31,486</u>	<u>\$ 5,291</u>

See Notes to  
Financial Statements



**VILLAGE OF CARSONVILLE, MICHIGAN**  
**Sanilac County, Michigan**

**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FEBRUARY 29, 2004**

The accounting methods and procedures adopted by the Village of Carsonville, Michigan, conform to accounting principles generally accepted in the United States of America as applied to government entities. The following Notes to the Combined Financial Statements are an integral part of the Village's general purpose financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**DESCRIPTION OF VILLAGE OPERATIONS** - The Village of Carsonville is one of ten (10) Villages in Sanilac County and is located within the boundaries of Sanilac Township. The Village operates under an elected Village Council which consists of a President and six Council members. The Village provides services to its residents in many areas, including law enforcement, fire protection, water, sewer and recreation.

**FINANCIAL REPORTING ENTITY** - In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14 the reporting entity includes both the primary government and all of its "component units". The criteria established by GASB for determining the component units include oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

On this basis, there are no other financial statements that should be included in the Village's financial statements.

**BASIS OF PRESENTATION** - The accounts of the Village are organized on the basis of fund types and two account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities, fund equity, revenues and expenditures or expenses as appropriate. Village resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent, and the means by which spending activities are controlled. The various funds are grouped in the financial statements into three fund types and two account groups as follows:

**GOVERNMENTAL FUND TYPES -**

**GENERAL FUND** - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

**SPECIAL REVENUE FUNDS** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

**DEBT SERVICE FUND** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**CAPITAL PROJECTS FUND** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital projects (other than those financed by Proprietary Funds).

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

### **PROPRIETARY FUND TYPE -**

**ENTERPRISE FUNDS** - Enterprise Funds are used to report operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

### **FIDUCIARY FUND TYPE -**

**AGENCY FUND** - The Agency Fund is used to account for assets held by the Village as an agent for other governments and other funds. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve a measurement of results of operations.

### **ACCOUNT GROUPS -**

**GENERAL FIXED ASSETS ACCOUNT GROUP** - The General Fixed Assets Account Group is used to account for the fixed assets of the Village and does not include fixed assets accounted for in the Proprietary Fund operations.

**GENERAL LONG-TERM DEBT ACCOUNT GROUP** - The General Long-Term Debt Account Group is used to establish accounting control and accountability for the unmatured principal of the Village's general long-term debt which is not recorded in the Proprietary Funds.

**MEASUREMENT FOCUS** - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and similar trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Balance Sheet. All capital grants or assessments received after are recorded as a revenue of the fund. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g. expenses) in net total assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

**BASIS OF ACCOUNTING** - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (recorded as a receivable when measurable and as a revenue when available) to meet current or future operations of the Village. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt, which is recorded when due.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

All proprietary funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred. Unbilled receivables of all proprietary funds are recorded at year end.

**CASH EQUIVALENTS** - Cash equivalents consist of certificates of deposit with a maturity of 90 days or less from the date of purchase. These accounts are recorded at cost, which approximates market value.

**INVESTMENTS** - Investments consist of certificates of deposit with maturity of more than 90 days from the date of purchase. These accounts are recorded at cost, which approximates market value.

**FIXED ASSETS AND LONG-TERM LIABILITIES** - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their Balance Sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in a General Fixed Assets Account Group, rather than in governmental funds. The general fixed assets are recorded as expenditures at the time of purchase in the governmental fund types.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activities are included on their Balance Sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

In proprietary funds, major additions to fixed assets are charged to the property accounts, while maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. When property is retired, or otherwise disposed of, the cost of the property and related depreciation are removed from the accounts. Gains and losses from disposals are included in earnings.

Fixed assets are recorded at cost and estimated cost, or if donated, at the fair market value at the date of donation. Expenditures which materially extend the useful life of existing assets are capitalized. Interest incurred during the construction phase of proprietary fund assets is reflected in the capitalized value of the assets constructed, net of interest earned or the invested proceeds over the same period. Public domain (infrastructures) general fixed assets which include roads, bridges, curbs and gutters, sidewalks and drains are not capitalized.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund Balance Sheets. Depreciation is computed on the straight-line method over the estimated useful lives of the related asset. The estimated useful lives are:

Equipment	10 years
Utility Systems	50 years

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

Depreciation is not recorded in the General Fixed Assets Account Group.

**DEFERRED REVENUE** - The Village recognizes revenue received before it is earned as deferred revenue.

**PROPERTY TAX LEVY** - Property taxes levied in June of the current fiscal year of the Village are treated as revenues in the current fiscal year.

**RECEIVABLES** - All receivables are recorded net of any uncollectible amounts. All delinquent real property taxes and utilities charges become liens against the property and are reimbursed by Sanilac County's Delinquent Tax Revolving Fund. The County will, however, charge back to the Village any amounts not collected at the end of three years. Past experience has indicated that such chargebacks should not be material; therefore, an allowance for doubtful accounts is not needed.

**BUDGETS** - Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The Village does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year end.

Budgeted amounts are reported as originally adopted, or as amended by the Village Council during the year.

**ESTIMATES** - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TOTAL COLUMNS ON COMBINED STATEMENTS** - The total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America; neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**GASB NO. 34/FUTURE ACCOUNTING CHANGE** – In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. The most significant changes include presenting full accrual financial statements for all activities, including reporting infrastructure assets (roads, bridges, etc.) and changing the emphasis in the presentation from fund basis financial statements to focus on major funds. The general provisions of GASB No. 34 must be implemented by the Village of Carsonville no later than the year ending February 28, 2005.

## NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

### Budgetary Compliance –

The Treasurer of the Village and the Village Council Finance Committee prepare from data submitted from department heads a proposed operating budget for the fiscal year commencing the following March 1. The operating budget includes proposed expenditures and resources to finance them.

Prior to February 29, the proposed budget is presented to the Village Council. The Council holds a public hearing and may add to, subtract from, or change appropriations. The budget is then legally enacted through the passage of a Council Resolution. After the budget is adopted, all amendments must be approved by the Village Council.

Budgets are legally adopted at the activity level for the General Fund and functional level for the Special Revenue Funds; however, for control purposes all the budgets are maintained at the account level. All unexpended appropriations lapse at fiscal year end.

Budgeted amounts are reported as originally adopted, or as amended, by the Village Council during the year. Individual amendments were not material in relation to the original appropriations.

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

During the fiscal year ended February 29, 2004, the Village incurred expenditures in the General and Special Revenue Funds which were in excess of the amounts appropriated as follows:

<u>Function/Activity</u>	<u>Total Appropriations</u>	<u>Amount Expended</u>	<u>Budget Variance</u>
<u>General Fund –</u>			
General Government –			
Assessor	\$ -	\$ 452	\$ 452
Clerk and Treasurer	16,000	18,134	2,034
General Government -			
Village Hall	49,122	79,806	30,684
Public Safety –			
Fire Department	37,723	48,082	10,359
Public Works –			
Street Lights	500	614	114
<u>Special Revenue Funds –</u>			
Major Street			
Public Works	42,892	48,730	4,769
Local Street			
Public Works	20,026	26,946	6,920
Fire Capital			
Public Safety	100	6,975	6,875
DPW Capital			
Public Works	-	9,801	9,801
Police Capital			
Public Works	100	2,248	2,148
Municipal Service Building			
General Government	11,406	14,001	2,595

## **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (cont'd)**

### **Fund Balance Deficits –**

The following Special Revenue Funds had fund balance deficits at February 29, 2004 –

DPW Capital	\$ 6,740
Police Capital	1,283
Municipal Service Building	1,076

### **Retained Earnings Deficit –**

The Sewage Collection Fund had an unreserved retained earnings deficit of \$70,137. The deficit is the direct result of recording government grants and local contributions as contributed capital while charging depreciation to operations. The deficit will be eliminated with the adoption of GASB 34.

## **NOTE 3 – DEPOSITS AND INVESTMENTS:**

In accordance with Act 20 PA 1943 as amended by Act 196 PA 1997, the Village is authorized after Board resolution to invest surplus funds in the following types of investments:

- a) In bonds, securities and other direct obligations of the United States or an agency or instrumentality of the United States.
- b) In certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution, but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of the Michigan Compiled Laws.
- c) In commercial paper rated at the time of purchase within the two (2) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d) In the United States government or federal agency obligations repurchase agreements.
- e) In bankers acceptances of United States banks.
- f) In obligations of the State of Michigan or any of the political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g) In mutual funds registered under the investment company Act of 1940, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- h) In investment pools organized under the surplus funds investment act, 367 of 1982.
- i) In investment pools organized under the local government investment pool act, 121 of 1985.

### **Deposits -**

Michigan Public Acts authorize the units of local government in Michigan to deposit in the accounts of federally insured banks, insured credit unions, and savings and loan associations. Deposits of the Village are at federally insured banks in the State of Michigan in the name of the Village.

### NOTE 3 – DEPOSITS AND INVESTMENTS – (cont'd)

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000.

As of February 29, 2004, the carrying amount of the Village deposits is \$515,848, and the bank balance is \$527,021. The bank balance is classified by credit risk as follows:

Demand accounts - insured by FDIC	\$ 14,977
Savings and certificates of deposit accounts – insured by FDIC	100,000
Savings and certificates of deposit – Uninsured and uncollateralized	<u>412,044</u>
	<u>\$ 527,021</u>

Included in the Balance Sheet account cash and cash equivalents at February 29, 2004, is \$50 in petty cash.

The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result the Village evaluates each financial institution and assesses the level of risk. The Village uses only those financial institutions with an acceptable estimated risk level as depositories.

Due to significantly higher cash flow at certain periods during the year, the amount the Village holds as deposits can increase significantly. As a result, the amount of uninsured and uncollateralized deposits were substantially higher at these peak times than at year end.

### NOTE 4 - TAXES:

Assessed values are established annually, taxable by the respective Townships and are equalized by the State at an estimated percentage of the current market value. Real and personal property for the Village of Carsonville for the fiscal year 2004 had a Taxable Equalized value of \$6,627,642. The millage rates levied by the Village were 10.7585 for the General Fund, 4.3033 for the Municipal Street Fund and 2.4983 for Water Improvements.

The County of Sanilac has established a Tax Collection Revolving Fund whereby all local units of government are paid for the delinquent real property taxes each year.

### NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE BALANCES:

Interfund receivable and payable balances described as Due From and Due To Other Funds on the Balance Sheet reflect amounts due from or due to a particular fund by another fund of the Village. These amounts include only short-term obligations on open accounts, and not current portions of long-term loans. A summary of these balances by fund type at February 29, 2004, is as follows:

	<u>Due From</u>	<u>Due To</u>
<u>General Fund:</u>		
Municipal Street Fund	\$ -	\$ 908
Fire Capital Fund	-	208
Sewage Collection System Fund	-	440
Tax Receiving Fund	<u>1,593</u>	<u>-</u>
	<u>1,593</u>	<u>1,556</u>

**NOTE 5 – INTERFUND RECEIVABLE AND PAYABLE BALANCES – (cont'd)**

	<u>Due From</u>	<u>Due To</u>
<u>Special Revenue Funds:</u>		
Municipal Street Fund		
General Fund	\$ 908	\$ -
Major Street Fund	-	4,235
Local Street Fund	-	2,120
Major Street Fund		
Municipal Street Fund	4,235	-
Local Street Fund	-	3,300
Local Street Fund		
Municipal Street Fund	2,120	-
Major Street	3,300	-
Fire Capital Fund		
General Fund	<u>208</u>	<u>-</u>
	<u>10,771</u>	<u>9,655</u>
<u>Enterprise Funds:</u>		
Sewage Collection System Fund –		
General Fund	<u>\$ 440</u>	<u>1,593</u>
<u>Agency Fund:</u>		
Tax Receiving Fund – General Fund	<u>-</u>	<u>25</u>
	<u>\$ 12,804</u>	<u>\$ 12,804</u>

**NOTE 6 - FIXED ASSETS:**

The following is a summary of fixed assets at February 29, 2004:

	<u>Enterprise Funds</u>	<u>General Fixed Assets Account Group</u>	<u>Total</u>
Land	\$ 9,600	\$ 89,875	\$ 99,475
Buildings	1,500	357,920	359,420
Building improvements	-	81,278	81,278
Equipment	34,584	476,834	511,418
Water System	331,253	-	331,253
Sewer System	<u>2,884,695</u>	<u>-</u>	<u>2,884,695</u>
	3,261,632	1,005,907	4,267,539
Less - accumulated depreciation	<u>( 439,431)</u>	<u>-</u>	<u>( 439,431)</u>
	2,822,201	1,005,907	3,828,108
Construction in progress	<u>135,442</u>	<u>-</u>	<u>143,918</u>
	<u>\$ 2,957,743</u>	<u>\$ 1,005,907</u>	<u>\$3,972,026</u>

The Sewer System includes \$18,379 of capitalized interest.

The following table summarizes the changes in the components of the General Fixed Asset Account Group:

	<u>Balance March 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance February 29, 2004</u>
Land	\$ 89,875	\$ -	\$ -	\$ 89,875
Buildings	357,920	-	-	357,920
Building improvements	37,074	44,204	-	81,278
Equipment	<u>464,517</u>	<u>13,978</u>	<u>1,661</u>	<u>476,834</u>
	<u>\$ 949,386</u>	<u>\$ 58,182</u>	<u>\$ 1,661</u>	<u>\$ 1,005,907</u>



**NOTE 7 - LONG-TERM DEBT:**

The following is a summary of the changes in long-term debt of the Village for the fiscal year ended February 29, 2004:

	Balance March 1, 2003	Additions	Deletions	Balance February 29, 2004
<u>Enterprise Funds -</u>				
McDonald Drain - Sewer Bonds	\$ 1,414,011	\$ -	\$ 25,000	\$ 1,389,011
<u>General Long-Term Debt -</u>				
GO Capital Improvement Bonds Series 2004	-	39,500	-	39,500
Commercial Loan on Police Car	13,113	-	5,331	7,782
	<u>13,113</u>	<u>39,500</u>	<u>5,331</u>	<u>47,282</u>
	<u>\$ 1,427,124</u>	<u>\$ 39,500</u>	<u>\$ 30,331</u>	<u>\$ 1,436,293</u>

Significant details regarding outstanding long-term debt (including current portion) of the primary government are presented below:

Enterprise Funds -

\$1,498,000 Rural Development Authority Sanitary Sewerage System Bonds, dated June 18, 1998, due in annual installments increasing from \$17,000 to \$75,000 through June 1, 2038; with interest of 4.5 percent payable semi-annually. \$ 1,389,011

General Long-Term Debt -

## General Obligation Bonds

The Village issued \$39,500 in General Obligation Capital Improvement Bonds for the purpose of improvements to the Village Hall. The bonds dated February 26, 2004, are due in semi-annual installments increasing from \$3,500 to \$4,500 through March 1, 2009, with interest rate fixed at 6.00 percent, payable semi-annually. 39,500

\$18,041 Commercial Motor Vehicle Loan (Police Jeep Cherokee) dated March 1, 2001, due in semi-annual payments of \$2,075 including interest of 5.25% through March 1, 2006. 7,782

\$ 1,436,293

**NOTE 7 – LONG-TERM DEBT – (cont'd)**

The annual requirements to amortize debt outstanding at February 29, 2004, including interest payments of \$1,453,214 are as follows:

Fiscal Year	Enterprise Funds	General Long-Term Debt		Total
	Bonds Payable	Notes Payable	G.O. Bonds Payable	
2005	\$ 79,505	\$ 2,075	\$ 4,718	\$ 86,298
2006	79,741	4,150	9,055	92,946
2007	79,930	2,075	9,135	91,140
2008	80,076	-	9,170	89,246
2009	80,175	-	9,675	89,850
2010-2014	400,803		4,635	405,438
2015-2019	399,417	-	-	399,417
2020-2024	399,923	-	-	399,923
2025-2029	399,427	-	-	399,427
2030-2034	400,683	-	-	400,683
2035-2039	364,909	-	-	364,909
	2,764,589	8,300	46,388	2,819,277
Less – interest	( 1,375,578)	( 518)	( 6,888)	(1,382,984)
	<u>\$ 1,389,011</u>	<u>\$ 7,782</u>	<u>\$ 39,500</u>	<u>\$1,436,293</u>

**NOTE 8 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS:**

The Village maintains three heterogeneous Enterprise Funds which are the Water, Refuse and Sewerage Collection System Funds. Segment information for the fiscal year ended February 29, 2004, is as follows:

	Water	Refuse	Sewage Collection System	Total
Operating Revenue	\$ 50,522	\$ 29,318	\$ 36,516	\$ 116,356
Operating Expenses				
Depreciation	6,821	-	60,950	67,771
Other	46,785	18,718	21,748	87,251
Operating Income (Loss)	( 11,460)	10,600	( 46,182)	( 47,042)
Non-Operating Revenues (Expenses)	28,042	22	2,385	30,449
Net Income (Loss)	16,582	10,622	( 43,797)	( 16,595)
Contributed Capital	96,000	-	2,813,000	2,909,000
Tax Collections	16,519	-	-	16,519
Total assets	385,687	21,378	4,167,911	4,574,976
Total equity	354,839	21,378	2,777,863	3,154,080
Net Working Capital	16,696	21,378	33,771	71,845
Long-Term Liabilities	-	-	1,372,011	1,372,011

## **SUPPLEMENTARY INFORMATION**



**INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION**

To the President and Village Council  
Village of Carsonville, Michigan

Our report on our audit of the general purpose financial statements of the Village of Carsonville, Michigan, for 2004 appears on page 1. The audit was conducted for the purposes of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Carsonville, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Stewart Beauvais & Whipple*  
Certified Public Accountants

July 2, 2004

## **GENERAL FUND**

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**GENERAL FUND**  
**BALANCE SHEET**  
**FEBRUARY 29, 2004 AND FEBRUARY 28, 2003**

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 49,316	\$ 54,229
Accounts receivable	859	4,053
Due from other governmental units	11,364	13,631
Due from other funds	<u>1,593</u>	<u>25</u>
	<u><u>\$ 63,132</u></u>	<u><u>\$ 71,938</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 3,743	\$ 4,010
Accrued payroll and related liabilities	2,631	1,481
Deferred revenue	-	1,151
Due to other funds	<u>1,556</u>	<u>1,556</u>
	<u>7,930</u>	<u>8,198</u>
<b>Fund Balance:</b>		
Unreserved -		
Undesignated	<u>55,202</u>	<u>63,740</u>
	<u><u>\$ 63,132</u></u>	<u><u>\$ 71,938</u></u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BLANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2004**  
**WITH ACTUAL AMOUNTS FOR THE YEAR ENDED FEBRUARY 28, 2003**

	2004			2003
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues:</b>				
Taxes	\$ 66,398	\$ 74,231	\$ 7,833	\$ 69,328
Intergovernmental - Federal and State	70,803	71,754	951	78,745
Charges for services	22,249	25,206	2,957	32,400
Fines and forfeits	1,000	1,598	598	937
Interest and rent	26,166	20,080	( 6,086)	26,099
Other revenue	6,600	2,876	( 3,724)	7,017
	<u>193,216</u>	<u>195,745</u>	<u>2,529</u>	<u>214,526</u>
<b>Expenditures:</b>				
Legislative -				
Village Council	8,660	7,656	1,004	8,445
General Government -				
Elections	1,500	69	1,431	636
Assessor	-	452	( 452)	-
Clerk and Treasurer	16,100	18,134	( 2,034)	16,153
Village Hall	49,122	79,806	( 30,684)	41,194
	<u>66,722</u>	<u>98,461</u>	<u>( 31,739)</u>	<u>57,983</u>
Public Safety -				
Police Protection	69,887	56,882	13,005	49,190
Fire Department	37,723	48,082	( 10,359)	42,260
	<u>107,610</u>	<u>104,964</u>	<u>2,646</u>	<u>91,450</u>
Public Works -				
Department of Public Works	32,585	30,088	2,497	31,723
Street lights	500	614	( 114)	372
	<u>33,085</u>	<u>30,702</u>	<u>2,383</u>	<u>32,095</u>
Total Expenditures	<u>216,077</u>	<u>241,783</u>	<u>( 25,706)</u>	<u>189,973</u>
Excess of revenues over (under) expenditures	<u>( 22,861)</u>	<u>( 46,038)</u>	<u>( 23,177)</u>	<u>24,553</u>
<b>Other Financing Sources (Uses):</b>				
Bond proceeds	-	39,500	39,500	-
Operating Transfers Out	( 4,500)	( 2,000)	2,500	( 6,300)
	<u>( 4,500)</u>	<u>37,500</u>	<u>42,000</u>	<u>( 6,300)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>( 27,361)</u>	<u>( 8,538)</u>	<u>18,823</u>	<u>18,253</u>
Fund Balance at beginning of year	<u>63,740</u>	<u>63,740</u>	<u>-</u>	<u>45,487</u>
Fund Balance at end of year	<u>\$ 36,379</u>	<u>\$ 55,202</u>	<u>\$ 18,823</u>	<u>\$ 63,740</u>

## **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.



**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**FEBRUARY 29, 2004**  
**WITH TOTALS AS OF FEBRUARY 28, 2003**

	<u>Major Street</u>	<u>Local Street</u>	<u>Municipal Street</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 40,050	\$ 10,705	\$ 73,488
Due from other governmental units	6,119	2,230	-
Due from other funds	<u>4,235</u>	<u>5,420</u>	<u>908</u>
	<u><u>\$ 50,404</u></u>	<u><u>\$ 18,355</u></u>	<u><u>\$ 74,396</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued wages payable	1,059	557	-
Due to other funds	3,300	-	6,355
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>4,359</u></u>	<u><u>557</u></u>	<u><u>6,355</u></u>
<b>Fund Balance:</b>			
Unreserved -			
Undesignated	<u>46,045</u>	<u>17,798</u>	<u>68,041</u>
	<u><u>\$ 50,404</u></u>	<u><u>\$ 18,355</u></u>	<u><u>\$ 74,396</u></u>

<u>Fire Capital</u>	<u>DPW Capital</u>	<u>Police Capital</u>	<u>Municipal Service Building</u>	<u>Total</u>	
				<u>2004</u>	<u>2003</u>
\$ 29,006	\$ ( 1,044)	\$ ( 1,283)	\$ ( 1,076)	\$ 149,846	\$ 163,201
-	-	-	-	8,349	23,760
208	-	-	-	10,771	5,551
<u>\$ 29,214</u>	<u>\$ ( 1,044)</u>	<u>\$ ( 1,283)</u>	<u>\$ ( 1,076)</u>	<u>\$ 168,966</u>	<u>\$ 192,512</u>
\$ 2,040	\$ 5,696	\$ -	\$ -	\$ 7,736	\$ 1,102
-	-	-	-	1,616	892
-	-	-	-	9,655	4,435
-	-	-	-	-	12,232
<u>2,040</u>	<u>5,696</u>	<u>-</u>	<u>-</u>	<u>19,007</u>	<u>18,661</u>
<u>27,174</u>	<u>( 6,740)</u>	<u>( 1,283)</u>	<u>( 1,076)</u>	<u>149,959</u>	<u>173,851</u>
<u>\$ 29,214</u>	<u>\$ ( 1,044)</u>	<u>\$ ( 1,283)</u>	<u>\$ ( 1,076)</u>	<u>\$ 168,966</u>	<u>\$ 192,512</u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES , EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**  
**WITH TOTALS FOR THE YEAR ENDED FEBRUARY 28, 2003**

	<u>Major Street</u>	<u>Local Street</u>	<u>Municipal Street</u>	<u>Fire Capital</u>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 28,456	\$ -
Intergovernmental -				
Federal/State	33,931	12,100	-	-
Local	-	-	12,246	16,800
Interest	780	337	919	392
Other	-	-	-	-
	<u>34,711</u>	<u>12,437</u>	<u>41,621</u>	<u>17,192</u>
<b>Expenditures:</b>				
General Government	-	-	-	-
Public Safety	-	-	-	6,975
Public Works	47,770	25,986	22,655	-
	<u>47,770</u>	<u>25,986</u>	<u>22,655</u>	<u>6,975</u>
Excess of revenues over (under) expenditures	<u>( 13,059)</u>	<u>( 13,549)</u>	<u>18,966</u>	<u>10,217</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in		4,500	-	-
Operating transfers out	( 4,500)	-	-	-
	<u>( 4,500)</u>	<u>4,500</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	( 17,559)	( 9,049)	18,966	10,217
Fund Balances at beginning of year	63,604	26,847	49,075	16,957
Residual equity transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at end of year	<u>\$ 46,045</u>	<u>\$ 17,798</u>	<u>\$ 68,041</u>	<u>\$ 27,174</u>

DPW Capital	Police Capital	Municipal Service Building	Total	
			2004	2003
\$ -	\$ -	\$ -	\$ 28,456	\$ 26,820
-	-	-	46,031	44,795
-	-	-	29,046	28,730
33	76	3,694	6,231	7,693
-	5	-	5	20
<u>33</u>	<u>81</u>	<u>3,694</u>	<u>109,769</u>	<u>108,058</u>
-	-	14,001	14,001	6,462
-	2,248	-	9,223	134
9,801	-	-	106,212	86,645
<u>9,801</u>	<u>2,248</u>	<u>14,001</u>	<u>129,436</u>	<u>93,241</u>
( 9,768)	( 2,167)	( 10,307)	( 19,667)	14,817
-	2,000	-	6,500	10,800
-	( 6,225)	-	( 10,725)	( 8,650)
-	( 4,225)	-	( 4,225)	2,150
( 9,768)	( 6,392)	( 10,307)	( 23,892)	16,967
3,028	5,109	9,231	173,851	145,062
-	-	-	-	11,822
<u>\$( 6,740)</u>	<u>\$( 1,283)</u>	<u>\$( 1,076)</u>	<u>\$ 149,959</u>	<u>\$ 173,851</u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**MAJOR STREET FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**  
**WITH ACTUAL AMOUNTS FOR THE YEAR ENDED FEBRUARY 28, 2003**

	2004			2003
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues:</b>				
Intergovernmental - State	\$ 32,097	\$ 33,931	\$ 1,834	\$ 32,930
Interest	1,545	780	( 765)	1,554
	<u>33,642</u>	<u>34,711</u>	<u>1,069</u>	<u>34,484</u>
<b>Expenditures:</b>				
Public Works -				
Administration -				
Salaries and fringes	3,000	3,140	( 140)	2,343
Professional fees	950	250	700	950
	<u>3,950</u>	<u>3,390</u>	<u>560</u>	<u>3,293</u>
Road Maintenance -				
Salaries and fringes	6,790	7,332	( 542)	6,605
Supplies	2,000	1,538	462	617
Insurance	1,034	1,217	( 183)	1,034
Equipment rent	4,657	3,166	1,491	4,657
Contract services	19,100	24,864	( 5,764)	14,435
	<u>33,581</u>	<u>38,117</u>	<u>( 4,536)</u>	<u>27,348</u>
Traffic Service -	500	125	375	354
Winter Maintenance-				
Salaries and fringes	2,500	5,779	( 3,279)	2,844
Equipment rental	361	210	151	361
Supplies	500	149	351	-
Contracted services	1,500	-	1,500	-
	<u>4,861</u>	<u>6,138</u>	<u>( 1,277)</u>	<u>3,205</u>
Total Expenditures	<u>42,892</u>	<u>47,770</u>	<u>( 4,878)</u>	<u>34,200</u>
Excess of revenues over (under) expenditures	<u>( 9,250)</u>	<u>( 13,059)</u>	<u>( 3,809)</u>	<u>284</u>
<b>Other Financing Uses:</b>				
Operating Transfers Out -				
Local Street Fund	( 4,500)	( 4,500)	-	( 4,500)
	<u>( 4,500)</u>	<u>( 4,500)</u>	<u>-</u>	<u>( 4,500)</u>
Excess of revenues over (under) expenditures and other uses	<u>( 13,750)</u>	<u>( 17,559)</u>	<u>( 3,809)</u>	<u>( 4,216)</u>
Fund Balance at beginning of year	<u>63,604</u>	<u>63,604</u>	<u>-</u>	<u>67,820</u>
Fund Balance at end of year	<u>\$ 49,854</u>	<u>\$ 46,045</u>	<u>\$( 3,809)</u>	<u>\$ 63,604</u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**LOCAL STREET FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**  
**WITH ACTUAL AMOUNTS FOR THE YEAR ENDED FEBRUARY 28, 2003**

	2004			2003
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues:</b>				
Intergovernmental - State	\$ 11,880	\$ 12,100	\$ 220	\$ 11,865
Interest	548	337	( 211)	562
	<u>12,428</u>	<u>12,437</u>	<u>9</u>	<u>12,427</u>
<b>Expenditures:</b>				
Public Works -				
Administration -				
Salaries and wages	1,148	240	908	936
Professional fees	300	250	50	250
	<u>1,448</u>	<u>490</u>	<u>958</u>	<u>1,186</u>
Road Maintenance -				
Salaries and wages	4,859	6,887	( 2,028)	2,505
Supplies	1,500	1,793	( 293)	916
Insurance and bonds	1,034	1,214	( 180)	1,034
Contract service	2,800	6,858	( 4,058)	2,875
Equipment rent	4,922	4,524	398	4,922
	<u>15,115</u>	<u>21,276</u>	<u>( 6,161)</u>	<u>12,252</u>
Traffic Service -	<u>500</u>	<u>-</u>	<u>500</u>	<u>139</u>
Winter Maintenance -				
Salaries and wages	2,000	2,886	( 886)	731
Equipment rent	363	888	( 525)	363
Supplies	100	446	( 346)	-
Contracted services	500	-	500	-
	<u>2,963</u>	<u>4,220</u>	<u>( 1,257)</u>	<u>1,094</u>
Total Expenditures	<u>20,026</u>	<u>25,986</u>	<u>( 5,960)</u>	<u>14,671</u>
Excess of revenues (under) expenditures	<u>( 7,598)</u>	<u>( 13,549)</u>	<u>( 5,951)</u>	<u>( 2,244)</u>
<b>Other Financing Sources:</b>				
Operating Transfers In - Major Street Fund	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Excess of revenues and other sources over expenditures	<u>( 3,098)</u>	<u>( 9,049)</u>	<u>( 5,951)</u>	<u>2,256</u>
Fund Balance at beginning of year	<u>26,847</u>	<u>26,847</u>	<u>-</u>	<u>24,591</u>
Fund Balance at end of year	<u>\$ 23,749</u>	<u>\$ 17,798</u>	<u>\$ ( 5,951)</u>	<u>\$ 26,847</u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**MUNICIPAL STREET FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**  
**WITH ACTUAL AMOUNTS FOR THE YEAR ENDED FEBRUARY 28, 2003**

	2004			2003
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues:</b>				
Taxes	\$ 27,190	\$ 28,456	\$ 1,266	\$ 26,820
Intergovernmental - local	11,930	12,246	316	11,930
Interest	1,200	919	( 281)	1,310
	<u>40,320</u>	<u>41,621</u>	<u>1,301</u>	<u>40,060</u>
<b>Expenditures:</b>				
Public Works -				
Wages and fringes	16,545	4,031	12,514	12,235
Administration charges	2,700	4,720	( 2,020)	3,569
Professional fees	150	150	-	150
Insurance and bonds	1,033	1,217	( 184)	1,033
Equipment rent	5,567	2,368	3,199	5,567
Contracted services	-	-	-	3,255
Repairs and maintenance	-	-	-	968
Street lighting	10,800	9,885	915	10,702
Miscellaneous	1,500	284	1,216	295
	<u>38,295</u>	<u>22,655</u>	<u>15,640</u>	<u>37,774</u>
Excess of revenues over (under) expenditures	<u>2,025</u>	<u>18,966</u>	<u>16,941</u>	<u>2,286</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In -				
Sewer Fund	5,000	-	5,000	-
Operating Transfers Out -				
General Fund	-	-	-	-
	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Excess of revenues over (under) expenditures and other uses	<u>7,025</u>	<u>18,966</u>	<u>16,941</u>	<u>2,286</u>
Fund Balance at beginning of year	<u>49,075</u>	<u>49,075</u>	<u>-</u>	<u>46,789</u>
Fund Balance (Deficit) at end of year	<u>\$ 56,100</u>	<u>\$ 68,041</u>	<u>\$ 16,941</u>	<u>\$ 49,075</u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**FIRE CAPITAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**  
**WITH ACTUAL AMOUNTS FOR THE YEAR ENDED FEBRUARY 28, 2003**

	2004			2003
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues:</b>				
Intergovernmental - Local	\$ 16,800	\$ 16,800	\$ -	\$ 16,800
Interest	1,000	392	( 608)	291
	<u>17,800</u>	<u>17,192</u>	<u>( 608)</u>	<u>17,091</u>
<b>Expenditures:</b>				
Public Safety -				
Operating supplies	100	6,975	( 6,875)	-
Capital outlay	-	-	-	134
	<u>100</u>	<u>6,975</u>	<u>( 6,875)</u>	<u>134</u>
Excess of revenues over (under) expenditures	<u>17,700</u>	<u>10,217</u>	<u>( 7,483)</u>	<u>16,957</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In - General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>17,700</u>	<u>10,217</u>	<u>( 7,483)</u>	<u>16,957</u>
Fund Balance at beginning of year	<u>16,957</u>	<u>16,957</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 34,657</u>	<u>\$ 27,174</u>	<u>\$ ( 7,483)</u>	<u>\$ 16,957</u>



**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**DPW CAPITAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**  
**WITH ACTUAL AMOUNTS FOR THE YEAR ENDED FEBRUARY 28, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
<b>Revenues:</b>				
Interest	\$ 56	\$ 33	\$ ( 23)	\$ 68
<b>Expenditures:</b>				
Public Works - Capital outlay	-	9,801	( 9,801)	-
Excess of revenues over (under) expenditures	56	( 9,768)	9,778	68
Fund Balance at beginning of year	<u>3,028</u>	<u>3,028</u>	<u>-</u>	<u>2,960</u>
Fund Balance at end of year	<u><u>\$ 3,084</u></u>	<u><u>\$ ( 6,740)</u></u>	<u><u>\$ 9,778</u></u>	<u><u>\$ 3,028</u></u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**POLICE CAPITAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**  
**WITH ACTUAL AMOUNTS FOR THE YEAR ENDED FEBRUARY 28, 2003**

	2004			2003
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues:</b>				
Interest	\$ 100	\$ 76	\$ ( 24)	\$ 37
Fees	-	5	5	20
	<u>100</u>	<u>81</u>	<u>( 19)</u>	<u>57</u>
<b>Expenditures:</b>				
Public Safety -				
Professional services	100	-	100	-
Capital outlay	-	2,248	( 2,248)	-
	<u>100</u>	<u>2,248</u>	<u>( 2,148)</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>( 2,167)</u>	<u>( 2,167)</u>	<u>57</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In -				
General Fund	4,151	2,000	( 2,151)	6,300
Operating Transfers Out -				
Debt Retirement Fund	( 4,151)	( 6,225)	( 2,074)	( 4,150)
	<u>-</u>	<u>( 4,225)</u>	<u>( 4,225)</u>	<u>2,150</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>( 6,392)</u>	<u>( 6,392)</u>	<u>2,207</u>
Fund Balance at beginning of year	<u>5,109</u>	<u>5,109</u>	<u>-</u>	<u>2,902</u>
Fund Balance at end of year	<u>\$ 5,109</u>	<u>\$ ( 1,283)</u>	<u>\$ ( 6,392)</u>	<u>\$ 5,109</u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**MUNICIPAL SERVICES BUILDING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**

	<u>2004</u>		<u>2003</u>
	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
			<u>Actual</u>
<b>Revenues:</b>			
Interest and rent	\$ 3,906	\$ 3,694	\$ ( 212)
			\$ 3,871
<b>Expenditures:</b>			
General government			
Supplies	600	494	106
Utilities	-	591	( 591)
Repair and maintenance	900	3,459	( 2,559)
Capital outlay	9,170	8,850	320
Other	736	607	129
	<u>11,406</u>	<u>14,001</u>	<u>( 2,595)</u>
			<u>6,462</u>
Excess of revenues over (under)			
expenditures	( 7,500)	( 10,307)	( 2,807)
			( 2,591)
Fund Balance at beginning of year	9,231	9,231	-
Residual equity transfer	-	-	-
			<u>11,822</u>
Fund Balance at end of year	<u>\$ 1,731</u>	<u>\$ ( 1,076)</u>	<u>\$ ( 2,807)</u>
			<u>\$ 9,231</u>

## **DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**EQUIPMENT NOTE FUND**  
**STATEMENT OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003**

	<u>2004</u>	<u>2003</u>
<b>Expenditures:</b>		
Debt Service -		
Payment of principal	\$ 5,331	\$ 3,330
Interest and fiscal charges	<u>894</u>	<u>820</u>
	6,225	4,150
 <b>Other Financing Sources:</b>		
Operating transfers in	<u>6,225</u>	<u>4,150</u>
 Excess of other sources over expenditures	-	-
 Fund Balance at beginning of year	<u>-</u>	<u>-</u>
 Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

## **ENTERPRISE FUNDS**

Enterprise Funds are used to report operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

**VILLAGE OF CARSONVILLE, MICHIGAN**  
**SANILAC COUNTY, MICHIGAN**

**ENTERPRISE FUNDS**  
**COMBINING BALANCE SHEET**  
**FEBRUARY 29, 2004**  
**WITH TOTALS AS OF FEBRUARY 28, 2003**

	Water	Refuse	Sewerage Collection System	Total 2004	2003
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash	\$ 17,926	\$ 8,394	\$ 18,623	\$ 44,943	\$ 64,548
Accounts receivable	25,968	12,984	15,148	54,100	49,715
	<u>43,894</u>	<u>21,378</u>	<u>33,771</u>	<u>99,043</u>	<u>114,263</u>
 <b>Restricted Assets:</b>					
Cash	8,791	-	261,359	270,150	290,661
Special assessments	-	-	1,206,303	1,206,303	1,248,218
Due from other funds	-	-	440	440	440
	<u>8,791</u>	<u>-</u>	<u>1,468,102</u>	<u>1,476,893</u>	<u>1,539,319</u>
 <b>Other assets</b>					
Tap-in fees receivable	<u>-</u>	<u>-</u>	<u>41,297</u>	<u>41,297</u>	<u>35,545</u>
 <b>Property, Plant, and Equipment:</b>					
Land	1,600	-	8,000	9,600	9,600
Buildings	1,500	-	-	1,500	1,500
Equipment	3,048	-	31,536	34,584	34,584
Water system	331,253	-	-	331,253	331,253
Sewer system	-	-	2,884,695	2,884,695	2,884,695
	<u>337,401</u>	<u>-</u>	<u>2,924,231</u>	<u>3,261,632</u>	<u>3,261,632</u>
Less - accumulated depreciation	( 139,941)	-	( 299,490)	( 439,431)	( 371,660)
	<u>197,460</u>	<u>-</u>	<u>2,624,741</u>	<u>2,822,201</u>	<u>2,889,972</u>
Construction in progress	135,542	-	-	135,542	22,328
	<u>333,002</u>	<u>-</u>	<u>2,624,741</u>	<u>2,957,743</u>	<u>2,912,300</u>
	<u>\$ 385,687</u>	<u>\$ 21,378</u>	<u>\$ 4,167,911</u>	<u>\$ 4,574,976</u>	<u>\$ 4,601,427</u>

	Water	Refuse	Sewerage Collection System	Total	
				2004	2003
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 30,590	\$ -	\$ -	\$ 30,590	\$ 15,706
<b>Current Liabilities (payable from restricted assets):</b>					
Accounts payable	258	-	-	258	-
Due to other governmental units	-	-	1,037	1,037	1,037
Current portion of bond payable	-	-	17,000	17,000	16,000
	<u>258</u>	<u>-</u>	<u>18,037</u>	<u>18,295</u>	<u>17,037</u>
<b>Long-Term Liabilities (less current portion):</b>					
Bonds payable	-	-	1,372,011	1,372,011	1,398,011
	<u>30,848</u>	<u>-</u>	<u>1,390,048</u>	<u>1,420,896</u>	<u>1,430,754</u>
<b>Fund Equity:</b>					
Contributed Capital -					
Government grants	-	-	1,315,000	1,315,000	1,315,000
Local	96,000	-	1,498,000	1,594,000	1,594,000
	<u>96,000</u>	<u>-</u>	<u>2,813,000</u>	<u>2,909,000</u>	<u>2,909,000</u>
Retained Earnings -					
Reserved for improvements	8,533	-	-	8,533	68,185
Reserved for capital replacement	-	-	35,000	35,000	28,000
Reserved for debt retirement	-	-	-	-	56,086
Unreserved (deficit)	250,306	21,378	( 70,137)	201,547	109,402
	<u>258,839</u>	<u>21,378</u>	<u>( 35,137)</u>	<u>245,080</u>	<u>261,673</u>
	<u>354,839</u>	<u>21,378</u>	<u>2,777,863</u>	<u>3,154,080</u>	<u>3,170,673</u>
	<u>\$ 385,687</u>	<u>\$ 21,378</u>	<u>\$ 4,167,911</u>	<u>\$ 4,574,976</u>	<u>\$ 4,601,427</u>



**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES , EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**  
**WITH TOTALS FOR THE YEAR ENDED FEBRUARY 28, 2003**

	Water	Refuse	Sewage Collection System	Total	
				2004	2003
<b>Operating Revenues:</b>					
Charges for services - user charges	\$ 48,870	\$ 29,318	\$ 33,976	\$ 112,164	\$ 93,222
Equipment rental	-	-	2,540	2,540	-
Penalty on delinquent accounts	1,652	-	-	1,652	1,753
	<u>50,522</u>	<u>29,318</u>	<u>36,516</u>	<u>116,356</u>	<u>94,975</u>
<b>Operating Expenses:</b>					
Salaries and fringes	14,847	-	9,195	24,042	20,627
Service fees	-	18,318	-	18,318	20,231
Administrative charges	7,000	-	-	7,000	7,400
Supplies	2,645	-	227	2,872	3,839
Utilities	8,606	-	1,736	10,342	9,584
Repairs and maintenance	586	-	841	1,427	4,914
Equipment rent	5,459	-	-	5,459	5,500
Professional services	3,568	400	4,807	8,775	8,605
Insurance	3,645	-	-	3,645	3,098
Depreciation	6,821	-	60,950	67,771	67,770
Contract services	2,089	-	1,509	3,598	2,974
Miscellaneous	6,716	-	3,433	10,149	8,847
	<u>61,982</u>	<u>18,718</u>	<u>82,698</u>	<u>163,398</u>	<u>163,389</u>
Operating Loss	<u>( 11,460)</u>	<u>10,600</u>	<u>( 46,182)</u>	<u>( 47,042)</u>	<u>( 68,414)</u>
<b>Non-Operating Revenues (Expenses):</b>					
Tax collections	16,519	-	-	16,519	15,562
Enterprise improvements	9,367	-	-	9,367	8,095
Interest on investments	1,125	22	4,455	5,602	6,066
Interest and paying agent fees	-	-	( 55,608)	( 55,608)	( 64,569)
Tap-in fees	-	-	302	302	5,125
Special assessments	-	-	11,977	11,977	-
Special assessments - interest	-	-	41,259	41,259	70,805
Miscellaneous	1,031	-	-	1,031	3,930
	<u>28,042</u>	<u>22</u>	<u>2,385</u>	<u>30,449</u>	<u>45,014</u>
Net Income (Loss)	16,582	10,622	( 43,797)	( 16,593)	( 23,400)
Retained Earnings at beginning of year	<u>242,257</u>	<u>10,756</u>	<u>8,660</u>	<u>261,673</u>	<u>285,073</u>
Retained Earnings (Deficit) at end of year	<u>\$ 258,839</u>	<u>\$ 21,378</u>	<u>\$ ( 35,137)</u>	<u>\$ 245,080</u>	<u>\$ 261,673</u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**  
**WITH TOTALS FOR THE YEAR ENDED FEBRUARY 28, 2003**

	Water	Refuse	Sewerage Collection System	Total	
				2004	2003
<b>Cash Flow From Operating Activities:</b>					
Receipts from customers	\$ 48,915	\$ 27,768	\$ 35,288	\$ 111,971	\$ 85,986
Payments to suppliers	( 24,107)	( 18,718)	( 13,618)	( 56,443)	( 57,053)
Payments to employees	( 14,847)	-	( 9,195)	( 24,042)	( 23,642)
Net Cash Provided by Operating Activities	<u>9,961</u>	<u>9,050</u>	<u>12,475</u>	<u>31,486</u>	<u>5,291</u>
<b>Cash Flow From Non-Capital Financing Activities:</b>					
Change in due to other funds	-	-	333	333	-
Change in due from other funds	-	-	( 333)	( 333)	-
Miscellaneous	<u>1,031</u>	<u>-</u>	<u>-</u>	<u>1,031</u>	<u>3,930</u>
Net Cash Provided by Non-Capital Financing Activities	<u>1,031</u>	<u>-</u>	<u>-</u>	<u>1,031</u>	<u>3,930</u>
<b>Cash Flow From Capital and Related Financing Activities:</b>					
Principal payments on note	-	-	( 25,000)	( 25,000)	( 32,768)
Interest payments on note	-	-	( 55,608)	( 55,608)	( 64,569)
Tax proceeds	16,519	-	-	16,519	15,562
Enterprise improvements	<u>9,367</u>	<u>-</u>	<u>-</u>	<u>9,367</u>	<u>8,095</u>
Tap-in fees	-	-	( 5,450)	( 5,450)	506
Special assessment receivable	-	-	53,892	53,892	35,218
Special assessment interest	-	-	41,259	41,259	70,805
Acquisition of capital assets	( 113,214)	-	-	( 113,214)	( 23,504)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>( 87,328)</u>	<u>-</u>	<u>9,093</u>	<u>( 78,235)</u>	<u>9,345</u>
<b>Cash Flow From Investing Activities:</b>					
Redemption of investments	-	-	-	-	158,000
Interest on investments	<u>1,125</u>	<u>22</u>	<u>4,455</u>	<u>5,602</u>	<u>11,756</u>
Net Cash Provided by Investing Activities	<u>1,125</u>	<u>22</u>	<u>4,455</u>	<u>5,602</u>	<u>169,756</u>
Net Increase (Decrease) in Cash and Cash Equivalents for the year	( 75,211)	9,072	26,023	( 40,116)	188,322
Cash and Cash Equivalents at beginning of year	<u>101,928</u>	<u>( 678)</u>	<u>253,959</u>	<u>355,209</u>	<u>166,887</u>
Cash and Cash Equivalents at end of year	<u>\$ 26,717</u>	<u>\$ 8,394</u>	<u>\$ 279,982</u>	<u>\$ 315,093</u>	<u>\$ 355,209</u>

	Water	Refuse	Sewerage Collection System	Total	
				2004	2003
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>					
Operating loss for the fiscal year	\$( 11,460)	\$ 10,600	\$( 46,182)	\$( 47,042)	\$( 68,414)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities					
Depreciation	6,821	-	60,950	67,771	67,770
Changes in assets and liabilities -					
Accounts receivable	-	( 1,550)	( 1,228)	( 2,778)	( 4,747)
Utility billings receivable	( 1,607)	-	-	( 1,607)	( 4,242)
Accounts payable	16,207	-	( 1,065)	15,142	15,239
Accrued liabilities	-	-	-	-	( 315)
Net Cash Provided by Operating Activities	<u>\$ 9,961</u>	<u>\$ 9,050</u>	<u>\$ 12,475</u>	<u>\$ 31,486</u>	<u>\$ 5,291</u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**WATER FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003**

	<u>2004</u>	<u>2003</u>
<b>Operating Revenues:</b>		
Charges for services - user charges	\$ 48,870	\$ 41,524
Penalty on delinquent accounts	<u>1,652</u>	<u>1,753</u>
	<u>50,522</u>	<u>43,277</u>
 <b>Operating Expenses:</b>		
Salaries and fringes	14,847	14,444
Administrative charges	7,000	4,700
Supplies	2,645	3,751
Utilities	8,606	7,412
Repairs and maintenance	586	3,052
Equipment rent	5,459	5,500
Professional services	3,568	1,165
Insurance	3,645	3,098
Depreciation	6,821	6,820
Contracted services	2,089	1,189
Miscellaneous	<u>6,716</u>	<u>4,991</u>
	<u>61,982</u>	<u>56,122</u>
Operating Loss	<u>( 11,460)</u>	<u>( 12,845)</u>
 <b>Non-Operating Revenues (Expenses):</b>		
Tax collections	16,519	15,562
Enterprise improvements - user charges	9,367	8,095
Interest on investments	1,125	2,559
Interest and paying agent fees	-	( 39)
Miscellaneous	<u>1,031</u>	<u>3,930</u>
	<u>28,042</u>	<u>30,107</u>
 Net Income	16,582	17,262
 Retained Earnings at beginning of year	<u>242,257</u>	<u>224,995</u>
 Retained Earnings at end of year	<u><u>\$ 258,839</u></u>	<u><u>\$ 242,257</u></u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**WATER FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003**

	2004	2003
<b>Cash Flow From Operating Activities:</b>		
Receipts from customers	\$ 48,915	\$ 39,035
Payments to suppliers	( 24,107)	( 20,684)
Payments to employees	( 14,847)	( 14,759)
Net Cash Provided by Operating Activities	<u>9,961</u>	<u>3,592</u>
<b>Cash Flow From Non-Capital Financing Activities:</b>		
Miscellaneous	<u>1,031</u>	<u>3,930</u>
<b>Cash Flow From Capital and Related Financing Activities:</b>		
Principal payments on note	-	( 779)
Interest payments on note	-	( 39)
Tax Proceeds	16,519	15,562
Enterprise improvements	9,367	8,095
Acquisition of capital assets	( 113,214)	( 22,328)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>( 87,328)</u>	<u>511</u>
<b>Cash Flow From Investing Activities:</b>		
Interest on investments	<u>1,125</u>	<u>2,559</u>
Net Cash Provided by Investing Activities	<u>1,125</u>	<u>2,559</u>
Net Increase (Decrease) in Cash and Cash Equivalents for the year	( 75,211)	10,592
Cash and Cash Equivalents at beginning of year	<u>101,928</u>	<u>91,336</u>
Cash and Cash Equivalents at end of year	<u><u>\$ 26,717</u></u>	<u><u>\$ 101,928</u></u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss for the year	\$( 11,460)	\$( 12,845)
Adjustments to reconcile operating loss to net cash provided by operating activities -		
Depreciation	6,821	6,820
Changes in assets and liabilities -		
Utility billings receivable	( 1,607)	( 4,242)
Accounts payable	16,207	14,174
Accrued liabilities	-	( 315)
Net Cash Provided by Operating Activities	<u><u>\$ 9,961</u></u>	<u><u>\$ 3,592</u></u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**REFUSE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003**

	<u>2004</u>	<u>2003</u>
<b>Operating Revenues:</b>		
Charges for services - user charges	\$ 29,318	\$ 22,270
<b>Operating Expenses:</b>		
Service fees	18,318	20,231
Administrative charges	-	2,700
Professional services	400	400
	<u>18,718</u>	<u>23,331</u>
Operating Income (Loss)	10,600	( 1,061)
<b>Non-Operating Revenues:</b>		
Interest on investments	<u>22</u>	<u>38</u>
Net Income (Loss)	10,622	( 1,023)
Retained Earnings at beginning of year	<u>10,756</u>	<u>11,779</u>
Retained Earnings at end of year	<u>\$ 21,378</u>	<u>\$ 10,756</u>

**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003**

	<u>2004</u>	<u>2003</u>
<b>Cash Flows From Operating Activities:</b>		
Receipts from customers	\$ 27,768	\$ 20,773
Payments to suppliers	( 18,718)	( 20,631)
Payments to employees	-	( 2,700)
Net Cash Provided (Used) by Operating Activities	<u>9,050</u>	<u>( 2,558)</u>
<b>Cash Flow From Investing Activities:</b>		
Interest on investments	<u>22</u>	<u>38</u>
Net Increase (Decrease) in Cash and Cash Equivalents for the year	9,072	( 2,520)
Cash and Cash Equivalents at beginning of year	<u>( 678)</u>	<u>1,842</u>
Cash and Cash Equivalents at end of year	<u>\$ 8,394</u>	<u>\$ ( 678)</u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>		
Operating income (loss) for the year	\$ 10,600	\$( 1,061)
Adjustments to reconcile operating income (loss) to net cash used by operating activities -		
Changes in assets and liabilities -		
Accounts receivables	<u>( 1,550)</u>	<u>( 1,497)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,050</u>	<u>\$ ( 2,558)</u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**SEWAGE COLLECTION SYSTEM FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS**  
**FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003**

	<u>2004</u>	<u>2003</u>
<b>Operating Revenues:</b>		
Charges for services - user charges	\$ 33,976	\$ 29,428
Equipment rental	<u>2,540</u>	<u>-</u>
	<u>36,516</u>	<u>29,428</u>
<b>Operating Expenses:</b>		
Wages and fringes	9,195	6,183
Supplies	227	88
Utilities	1,736	2,172
Repairs and maintenance	841	1,862
Professional services	4,807	7,040
Depreciation	60,950	60,950
Contract services	1,509	1,785
Miscellaneous	<u>3,433</u>	<u>3,856</u>
	<u>82,698</u>	<u>83,936</u>
Operating Loss	<u>( 46,182)</u>	<u>( 54,508)</u>
<b>Non-Operating Revenues (Expenses):</b>		
Tap-in fees	302	5,125
Special assessments	11,977	-
Special assessments - interest and penalties	41,259	70,805
Interest	4,455	3,469
Interest and paying agent fees	<u>( 55,608)</u>	<u>( 64,530)</u>
	<u>2,385</u>	<u>14,869</u>
Net Loss	<u>( 43,797)</u>	<u>( 39,639)</u>
Retained Earnings at beginning of year	<u>8,660</u>	<u>48,299</u>
Retained Earnings at end of year	<u><u>\$ ( 35,137)</u></u>	<u><u>\$ 8,660</u></u>

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**SEWAGE COLLECTION SYSTEM FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED FEBRUARY 29, 2004 AND FEBRUARY 28, 2003**

	2004	2003
<b>Cash Flow From Operating Activities:</b>		
Receipts from customers	\$ 35,288	\$ 26,178
Payments to suppliers	( 13,618)	( 15,738)
Payments to employees	( 9,195)	( 6,183)
Net Cash Provided by Operating Activities	<u>12,475</u>	<u>4,257</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>		
Change in due to other funds	333	-
Change in due from other funds	( 333)	-
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>-</u>
<b>Cash Flow From Capital and Related Financing Activities:</b>		
Tap-in fees	( 5,450)	506
Special assessments	53,892	35,218
Special assessment interest	41,259	70,805
Principal payments on note	( 25,000)	( 31,989)
Interest payments on note	( 55,608)	( 64,530)
Acquisition of capital assets	-	( 1,176)
Net Cash Provided by Capital and Related Financing Activities	<u>9,093</u>	<u>8,834</u>
<b>Cash Flow From Investing Activities:</b>		
Redemption of investments	-	158,000
Interest	4,455	9,159
Net Cash Provided by Investing Activities	<u>4,455</u>	<u>167,159</u>
Net Increase in Cash and Cash Equivalents for the year	26,023	180,250
Cash and Cash Equivalents at beginning of year	<u>253,959</u>	<u>73,709</u>
Cash and Cash Equivalents at end of year	<u><u>\$ 279,982</u></u>	<u><u>\$ 253,959</u></u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss for the year	\$( 46,182)	\$( 54,508)
Adjustments to reconcile operating loss to net cash provided by operating activities -		
Depreciation	60,950	60,950
Changes in assets and liabilities -		
Accounts receivable	( 1,228)	( 3,250)
Accounts payable	( 1,065)	1,065
Net Cash Provided by Operating Activities	<u><u>\$ 12,475</u></u>	<u><u>\$ 4,257</u></u>



## **AGENCY FUND**

The Agency Fund is used to account for assets held by the Village as an agent for other governments and other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve a measurement of results of operations.

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**TAX RECEIVING FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED FEBRUARY 29 2004**

	Balance March 1, 2003	Additions	Deductions	Balance February 29, 2004
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 25</u>	<u>\$ 148,600</u>	<u>\$ 147,032</u>	<u>\$ 1,593</u>
<b>LIABILITIES</b>				
Due to other funds	<u>\$ 25</u>	<u>\$ 148,600</u>	<u>\$ 147,032</u>	<u>\$ 1,593</u>

### **GENERAL FIXED ASSETS ACCOUNT GROUP**

The General Fixed Assets Account Group is used to account for the fixed assets of the Village and does not include fixed assets accounted for in the Proprietary Fund operations.

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**FOR THE YEAR ENDED FEBRUARY 29, 2004**

	Balance March 1, 2003	Additions	Disposals	Balance February 29, 2004
<b>General Fixed Assets:</b>				
Land -				
Department of Public Works	\$ 35,200	\$ -	\$ -	\$ 35,200
Fire Department	2,000	-	-	2,000
Village Hall	52,675	-	-	52,675
	<u>89,875</u>	<u>-</u>	<u>-</u>	<u>89,875</u>
Buildings -				
Department of Public Works	3,000	-	-	3,000
Fire Department	20,000	-	-	20,000
Village Hall	16,212	-	-	16,212
Municipal Service Building	318,708	-	-	318,708
	<u>357,920</u>	<u>-</u>	<u>-</u>	<u>357,920</u>
Building Improvements -				
Department of Public Works	7,000	-	-	7,000
Fire Department	9,130	8,850	-	17,980
Village Hall	18,262	35,354	-	53,616
Municipal Service Building	2,682	-	-	2,682
	<u>37,074</u>	<u>44,204</u>	<u>-</u>	<u>81,278</u>
Equipment -				
Department of Public Works	115,499	11,730	1,661	125,568
Fire Department	285,051	-	-	285,051
Police Department	51,332	2,248	-	53,580
Village Hall	12,635	-	-	12,635
	<u>464,517</u>	<u>13,978</u>	<u>1,661</u>	<u>476,834</u>
	<u>\$ 949,386</u>	<u>\$ 58,182</u>	<u>\$ 1,661</u>	<u>\$ 1,005,907</u>

## **GENERAL LONG-TERM DEBT ACCOUNT GROUP**

The General Long-Term Debt Account Group is used to establish accounting control and accountability for the unmatured principal of the Village's general long-term debt which is not recorded in the Proprietary Funds.

**VILLAGE OF CARSONVILLE**  
**SANILAC COUNTY, MICHIGAN**

**GENERAL LONG-TERM DEBT ACCOUNT GROUP**  
**STATEMENT OF GENERAL LONG-TERM DEBT**  
**FEBRUARY 29, 2004 AND FEBRUARY 28, 2003**

**AMOUNT AVAILABLE AND TO BE PROVIDED FOR**  
**RETIREMENT OF GENERAL LONG-TERM DEBT**

	<u>2004</u>	<u>2003</u>
Amount to be provided	<u>\$ 47,283</u>	<u>\$ 13,113</u>

**GENERAL LONG-TERM DEBT PAYABLE**

General Obligation Bonds - 2004 Capital Improvement	39,500	-
Installment loans payable - Police Vehicle	<u>7,783</u>	<u>13,113</u>
	<u>\$ 47,283</u>	<u>\$ 13,113</u>



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the President and Members  
of the Village Council  
Village of Carsonville  
Carsonville, Michigan

We have audited the accompanying general purpose financial statements of the Village of Carsonville, Michigan, as of and for the year ended February 29, 2004, and have issued our report thereon, dated July 2, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village of Carsonville, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Village of Carsonville, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Carsonville, Michigan's ability to record, process, summarize, and report financial data consistent with the assertions of the administration in the financial statements. The reportable condition is described as follows:

**The utility billing system.**

During the audit we noted a lack of segregation of duties in the utility billings system. Currently the same person handles the billings to customers, adjustments to customer accounts, and collection of the payments by customers. While no irregularities were noted, a lack of segregation between these functions predisposes the Village to unnecessary risks. We understand that segregation of duties is difficult in a smaller office, however, we recommend that the billing and receipting functions be separated.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness. We also noted other matters involving internal control over financial reporting, which we have reported to management of the Village of Carsonville in a separate letter dated July 2, 2004.

This report is intended for the information of management and the Village Council of the Village of Carsonville, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Stewart, Beauvais & Whipple".

Certified Public Accountants

July 2, 2004